

# CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION INVESTMENT COMMITTEE OPEN SESSION MEETING SUMMARY

June 19, 2006



The Investment Committee met on Monday, June 19, 2006.

#### AGENDA ITEM 3 - CaIPERS TOTAL FUND QUARTERLY REPORT

The Chair directed that in future reports Wilshire Associates provide information regarding where CalPERS ranks in terms of its funded status with respect to other state pension funds.

## AGENDA ITEM 5 - ALTERNATIVE INVESTMENT MANAGEMENT (AIM) PROGRAM

#### b. California Initiative Update

The Chair directed that in the next Initiative update staff provide information regarding how the program will be promoted to ensure that interested participants are aware of the new opportunities for capital.

### c. Investment in Central Valley Fund

The Committee approved increasing CalPERS' commitment in the Central Valley Fund LP from \$10 million to 40 million.

#### AGENDA ITEM 6 - GLOBAL EQUITY

#### b. Executive Compensation Strategic Plan Update

The Chair directed staff to revise corporate governance policies to address issues relating to stock option backdating and to bring the proposed revisions back in the appropriate forum. In addition, the Chair directed staff to provide an update on the company engagement at the August meeting.

#### AGENDA ITEM 7 - GLOBAL FIXED INCOME

#### a. Securities Lending Annual Review

The Committee approved the continuation of Metropolitan West Securities, LLC contract #95-132 and State Street Bank & Trust Company's contract #95-196.

#### **AGENDA ITEM 9 – TOTAL FUND**

#### a. Approval of Contracts for Asset Allocation Consultants

The Committee approved exemption from competitive bidding and the Disabled Veteran Business Enterprise participation requirements for contracts with Financial Engines Advisors LLC, EFI Actuaries, and Towers Perrin.

#### AGENDA ITEM 10 - LEGISLATION

# a. AB 2570 (Arambula) Community Investment: State and Local Retirement Systems

This bill would require CalPERS, as well as other public retirement systems, to report specified information on its investments in California as part of its annually audited financial statement submitted to the Controller.

The Committee approved a neutral position on AB 2570 (Arambula) as amended May 26, 2006.

#### b. AB 2941 (Koretz) Sudan Divestment

This bill would prohibit CalPERS and CalSTRS from investing in certain companies with business operations in the Sudan and would require sale or transfer of any investments in these companies within specified timeframes. The retirement systems boards would be required to submit a specified annual report to the Legislature.

The Committee approved a neutral position on AB 2941 (Koretz), as amended May 26, 2006, with suggested amendments. First, the Board should request amendments to provide indemnification for the fund. Second, the bill should be amended to ensure that it does not apply to the Supplemental Savings Program. The Committee also directed staff to concurrently seek separate legislation for indemnification relating to divestment of companies doing business in Sudan.

In the event AB 2941 passes and is signed, the Chair directed the Legal Office to advise the Investment Committee of duties and rights and all types of indemnification, including equitable implied indemnification.

#### c. SCR 117 (Soto) Reverse Annuity Mortgage Program Study

This resolution would direct staff to perform a study to determine if it is feasible to develop a Reverse Annuity Mortgage program for retired members and report back to the Legislature.

The Committee approved a support position on SCR 117 (Soto) as introduced.

# AGENDA ITEM 11 - CHIEF INVESTMENT OFFICER'S / ASSISTANT EXECUTIVE OFFICER'S REPORT

## a. Consolidated Investment Activity Report

The Committee accepted the Consolidated Investment Activity Report. As of April 30, 2006, the total fund market value was approximately \$211.1 billion and the total book value was approximately \$163.3 billion.

The next Investment Committee meeting is scheduled for August 14, 2006 in Sacramento, California.